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TO RUEHC/SECSTATE WASHDC 6308  
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RUEHBU/AMEMBASSY BUENOS AIRES 4185  
RUEHAC/AMEMBASSY ASUNCION 5579  
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RUEHBO/AMEMBASSY BOGOTA 3876  
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SUBJECT: BRAZILIAN NGO FOCUSES ON IMPROVING THE CLIMATE FOR DOING BUSINESS

REFS: A) Brasilia 1231, B) Brasilia 1188

[11](#). (U) Summary. In a series of recent events, the Brazilian Competitiveness Movement (MBC), a local NGO, has sought to create greater awareness of the barriers to doing business in Brazil and the need to improve the local investment climate. Specifically, MBC has explored the possibility of linking its efforts to similar Mexican and U.S. programs, and in conjunction with U.S. Mission Brazil has sponsored the public rollout of a World Bank report comparing the barriers/burdens firms face in various states throughout the country. As part of our effort to further the Commercial Dialogue launched by Secretary Gutierrez and Minister of Development, Industry, and Commerce Furlan (reftels), USAID, FCS, and State will continue to work with MBC as they seek to better establish their pro-competitiveness program. End Summary.

[12](#). (SBU) During the month of July, U.S. Mission Brazil stepped up its ongoing cooperation with the Brazilian Competitiveness Movement (MBC) as we sought to move forward on the recently-inaugurated U.S.-Brazil Bilateral Commercial Dialogue. With USAID's Economic Development staff taking the lead, the Mission has witnessed increased dialogue between MBC and its U.S. counterpart - the U.S. Council on Competitiveness. At a recent July 6 strategy meeting, Council representatives outlined the U.S. experience in seeking to promote greater business productivity while Mexican NGOs proposed establishing greater links to the Brazilian side. Minister Furlan and Jorge Gerdau Johanpetter (CEO of Gerdau Steel and founding president of MBC) led the discussion while prominent firms such as Merck and NASDAQ contributed as well. As a medium-term goal, U.S. NGOs proposed holding a Latin American "Competitiveness Summit" in Sao Paulo at some unspecified opportunity in the future.

[13](#). (U) U.S. Mission in Brazil is facilitating further partnership between MBC and the U.S. Council on Competitiveness. Specifically, we are investigating the possibility of sponsoring a technical exchange program under the State-funded American Business Fellowship Program, which is implemented by Partners of the Americas. This exchange would aim to help MBC develop a national competitiveness

index for Brazil.

¶4. (U) Meanwhile, MBC, USAID, and State helped stage the July 26 public release in Rio de Janeiro of a World Bank report on "Doing Business in Brazil." The ceremony, which included the participation of Brazilian Trade Minister Furlan, the Embassy's Economic Counselor, and the World Bank's International Finance Corporation Latin American Chief Atul Mehta, was well-covered by both the Rio de Janeiro and national media. The report, a snapshot of the ease/difficulty of doing business in 13 Brazilian cities, compared the various locations in terms of the time required to open a firm, the time required to register property, obtaining credit, fulfillment of contracts, and tax obligations. (In Brazil, the administration of all these indicators falls to state and local governments.) The study demonstrated a wide range of results among the various states. For instance, while it took an average of 19 days to open a business in Minas Gerais, it took a whopping 152 days to do the same in the country's economic center, Sao Paulo. The report also looked at how the Brazilian cities compare with other cities globally, providing another perspective on the time it takes to start a business. Sao Paulo ranked 149 out of 155 major cities, whereas Belo Horizonte, the Brazilian city with the fastest time to start a business, ranked 30th.

¶5. (U) However, it took only 47 days to register property in Sao Paulo, compared to 27 days in rural Maranhao and 88 days in the northeastern state of Bahia. With respect to enforcement of contracts, Sao Paulo came out on top with an average of 546 days to obtain judicial remedies, with Rio Grande do Sul coming in last place at 1473 days. Overall, the report shows that low income is not a barrier to good regulation: Sao Luis in Maranhao, which has the lowest income per capita of the states in which cities were evaluated, ranked 5th among the 13 cities in the overall ease of doing business. The full IFC report can be viewed at

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<http://www.doingbusiness.org/Main/Brazil.aspx> .

¶6. (SBU) While some local business leaders saw the study's results as discouraging, Minister Furlan had a different take. In his public remarks, he pointed out that the report demonstrated that in some areas Brazil was on the right path - and where it wasn't, at least it now had a roadmap as to where it needed to improve. In its public diplomacy efforts, post has reinforced this line. Our message has been that if the GOB could move forward on issues such as customs clearance and regulatory efficiency, this would benefit both the U.S. and Brazil.

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